#### CONCLUSION

The Joint Board and the Federal Communications Commission should act to make telephone service affordable for low-income customers, by requiring states to provide core access services for \$1 per month to all Lifeline customers, and Link Up connection for \$10, paid over ten months. At a minimum, customers eligible for federal and state need-based programs such as SSI, AFDC, Food Stamps, Medicaid, Home Relief, and Home Energy Assistance should automatically be eligible for Lifeline access service. States should be encouraged to develop confidential computer list matching procedures to enroll Lifeline customers and revalidate their eligibility for Lifeline rates efficiently. The Commission should adopt policies to encourage the reduction of deposits and other economic barriers that discourage low-income customers from obtaining and maintaining basic access to the network. Termination of core access services for non-payment of any other services should be prohibited in order to fulfill the goals of the 1996 Act.

Respectfully submitted,

PUBLIC UTILITY LAW PROJECT

OF NEW YORK, INC.

B. Robert Piller, Esq.

**Executive Director** 

Gerald A. Norlander, Esq.

Deputy Director

39 Columbia Street

Albany, NY 12207-2717

(518) 449-3375

Date: April 11, 1996

## Before the FEDERAL COMMUNICATIONS COMMISSION Washington, D.C. 20554

In the Matter of	)	FCC No. 96-93
Federal-State Joint Board on Universal Services	) ) )	CC Docket No. 96-45

# COMMENTS OF THE PUBLIC UTILITY LAW PROJECT OF NEW YORK, INC. ON PROPOSED RULEMAKING ON UNIVERSAL SERVICE POLICIES

ATTACHMENT A

## NY TIMES, JAN. 25, 1995, P.D4

## Profits Hit High for Year At AT&T

### Nynex Also Reports Good Financial Results

By Reuters

The AT&T Corporation reported yesterday its best year of earnings and revenue growth since the break-up of the Bell System 10 years ago, capped by a 72 percent increase in fourth-quarter profits.

The Nynex Corporation, which provides local telephone service in New York and New England as well as cellular services, also reported strong financial results.

AT&T said its fourth-quarter earnings surged to \$1.34 billion, or 85 cents a share, compared with \$776 million, or 50 cents a share, in the corresponding period a year earlier. Revenue in the quarter increased to \$21.1 billion from \$19.07 billion.

For the year, AT&T's earnings reached a new high of \$4.71 billion, up 27.2 percent from \$3.7 billion in 1993, excluding special charges. Revenue climbed 8.3 percent to \$75 billion.

"By constantly sharpening our focus on customers, the people of AT&T have delivered our best financial performance since we became the new AT&T," Robert E. Allen, chairman of AT&T, said in a statement. John Bain, a telecommunications analyst with Raymond James Associates, said, "AT&T now has the same revenues as the entire Bell System just before the breakup in 1984, when they spun off about 85 percent of their assets."

The earnings figures were adjusted as if McCaw Cellular Communications Inc., which was acquired for \$11.5 billion in September, had been part of the company in 1993.

A year ago, AT&T took a huge charge of \$9.6 billion, or \$6.21 a share, to reflect changes in the company's accounting methods. The comparisons excluded the noncash charge.

AT&T, the world's largest telecommunications company, benefited from growth in its long-distance business, which gained nearly 9 percent in the fourth quarter and 7.5 percent for the year.

AT&T, based in Basking Ridge, N.J., said revenue for telephone services grew 25.7 percent, to \$10.96 billion, in the fourth quarter.

Nynex reported fourth-quarter earnings of \$198 million, or 47 cents a share, after a charge of \$141 million for an enhanced pension offer. That compared with a loss of \$1.24 billion, or \$3 a share, in the corresponding period a year earlier, which included a restructuring charge of \$1.51 billion. Revenue was steady at \$3.39 billion.

"For Nynex, 1994 was a year of strong demand growth and focus on fundamentals," Ivan G. Seidenberg, president of Nynex, said in a statement.

Nynex reported record growth in cellular telephone service and the strongest demand ever for new telephone lines.

Guy Woodlief, an analyst with Dean Witter Reynolds Inc., said: "Nynex's volume growth was superb. Its access-line and minutes-ofuse growth was exceptionally strong."

į

NEW YORK STATE PUBLIC SERVICE COMMISSION
IN THE MATTER OF
Case 92-C-0665 - Proceeding on motion of Commission to investigate
Performance-related incentive regulatory plans* for New York Telephone Company.
MINUTES OF EVIDENTIARY HEARING held at the Offices of
the Commission, Swan Street Building, Hearing Reom A,
Empire State Plaza, Albany, New York, on Tuesday, the
22nd of November, 1994, commencing at 9:00 a.m.
BEFORE: J. Michael Harrison,
Administrative Law Judge
Joel Linsider,
Administrative Law Judge
والمنابعة المنابعة ا
APPEARANCES:
For DEPARTMENT OF PUBLIC SERVICE STAFF:
PETER M. McGOWAN, Staff Counsel
PETER T. CATALANO, Staff Advisor 3 Empire State Plaza
Albany, New York 12223

GIRARD REPORTING, INC.
VOX (518) 436-6904 FAX (518) 436-6906

#### CROSS - DAVIDOW - NYT PART.

- 1 volumes with peak vacations and we've always had
- 2 difficult time addressing that.
- 3 Q I thought you traditionally had trouble in
- 4 winter is why they moved the plan away?
- 5 A (DOWELL) We had troubles this winter but I
- · 6 wouldn't call it traditional.
  - 7 0 Was it unusual to have troubles in winter
  - 8 but routine to have it in July and August?
  - 9 A (DOWELL) I don't know if routine is the
- 10 right word but in the last two years.
- 11 Q Traditional, we use the word traditional.
- 12 The company has recently experienced an extraordinary
- 13 growth in the number of access lines in use, and I
- 14 think you said something yesterday about an 81
- 15 percent increase?
- 16 A (DOWELL) That's correct.
- 17 Q And why is that happening?
- 18 A (DOWELL) Again, there are two reasons for
- 19 the growth. One, the economy is turning around which
- 20 stimulates people coming on to the network. The
- 21 second part is, if you look at the growth for 1994,
- 22 and the growth is, you know, it's called "churn",
- 23 your inward and outward.
- The inward is pretty close to the forecast.

4221

1 The outward is very far off, so what's happening is

CROSS - DAVIDOW - NYT PANEL

- 2 you're getting about the same inward activity but
- 3 people aren't leaving the network and as a result
- you're growing in access lines, and that's care 4
- 5 primarily from the billing and collections docket
- б where people can stay on the network and we do not
- 7 shut them off for local service, you know, because of
- a problem with their long distance service. 8
- 9 Is this a cost problem or is this a good
- 10 thing? I'm trying to figure out what the
- 11 implications are in terms not of service quality but
- 12 in terms of the revenues in the company?
- 13 (DOWELL) If you had to have a problem, this
- is a good problem to have. You know, the growth is 14
- 15 what this company is looking for, so, obviously, the
- 16 more access lines you have, the more revenue you're
- 17 going to get it.
- 18 What you're telling me the number of access
- 19 lines didn't actually grow, is the number of
- 20 disconnects--
- 21 (DOWELL) What I said was you have an inward
- and an outward. The inward stays constant, if the 22
- 23 outward--if people coming off the network is going
- down; that means you're growing your access lines. 24

4222

### CROSS - DAVIDOW - NYT PANEL

- 1 Q Just so I understand it, I'm not trying to
- 2 be argumentative, if people are not leaving the
- 3 network because you're not disconnecting them
- 4 entirely but they're not in fact paying their lls,
- 5 you know, how do you make money on that?
- 6 A (DOWELL) Let me correct what you're saying.
- 7 The reason they are not leaving the network is
- 8 because they are not paying their long-distance
- 9 bills.
- 10 Q Do I detect a problem here (laughter) but

<u>چ</u>

- 11 they are paying their local bills?
- 12 A (DOWELL) That's the way they stay on the
- 13 network. They pay that part of the bill and they
- 14 break it down into buckets, we can't take them off
- 15 the local network. We can block them from long
- 16 distance and access to that but we can't disconnect
- 17 that service.
- Q Can you block them from intraLATA toll
- 19 which you provide? Are you allowed to do that under
- 20 the rules?
- 21 A (DOWELL) I don't know. I don't know the
- 22 exact specifics of the billing.
- 23 Q Anybody on the panel?
- 24 A (SCANLON) I can't tell. I don't know

GIRARD REPORTING, INC. VOX (518) 436-6904 FAX (518) 436-6906

## Before the FEDERAL COMMUNICATIONS COMMISSION Washington, D.C. 20554

	)	
In the Matter of	)	FCC No. 96-93
Federal-State Joint Board on Universal Services	) ) )	CC Docket No. 96-45
-	OMMENTS OF T LAW PROJECT ON	THE OF NEW YORK, INC.

ATTACHMENT B

PROPOSED RULEMAKING ON UNIVERSAL SERVICE POLICIES



Refer to: S2D2B5 - CL-FOIA

26 Federal Plaza Room 4032 New York, N. Y. 10278

March 2, 1994

Mr. Jere B. Fletcher Public Utility Law Project 39 Columbia Street Albany, N. Y. 12207-2717

MAR - 9 1994

Dear Mr. Fletcher

In response to your letter of January 31, 1994, we are authorizing approval for a confidential, computerized data exchange of SSI recipient data between the New York State Department of Social Services and New York Telephone (NYNEX), a regulated public utility.

This exchange of information which you described is considered "routine use" under the Privacy Act regulations. You may not redisclose information received thru this data exchange to other entities. The data exchange approved is for the specific and limited purposes of automatically enrolling, verifying and recertifying the telephone Lifeline eligibility of SSI recipients in New York State. As indicated on page 5 of your letter, you correctly understood that the New York Department of Social Services will only convey whether the person identified is eligible for Lifeline and not disclose the particular category of eligibility (SSI, Medicare, Food Stamps, etc.).

Any questions you may have on this matter may be directed to Mary M. Francis at (212) 264-2905.

Sincerely,

Gregory Machler

Director

RSI/SSI Programs Branch

287

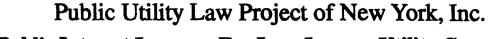
## Before the FEDERAL COMMUNICATIONS COMMISSION Washington, D.C. 20554

In the Matter of	j	FCC No. 96-93
Federal-State Joint Board on Universal Services	) )	CC Docket No. 96-45
Chiversal Services	)	
	)	

# COMMENTS OF THE PUBLIC UTILITY LAW PROJECT OF NEW YORK, INC. ON PROPOSED RULEMAKING ON UNIVERSAL SERVICE POLICIES

ATTACHMENT C





## **Public Interest Lawyers For Low-Income Utility Consumers**

39 Columbia Street

Albany, New York 12207-2717

May 18, 1995

















Congratulations. You qualify for "Life Line," the lowest "basic telephone service" rate from NYNEX. This letter explains how you will receive it and save.

It's the same "basic telephone service" you already have.
It simply saves you money.

Life Line saves you at least \$8.10 every month on your phone bill.

• Receive unlimited calls

- o Connect to a long distance telephone company and
- Make calls to toll free 800 numbers, emergency services, and to the telephone business office

#### What's Extra?

- Long distance calls
- Outgoing local calls if you have measured service
  Optional services, such as call-waiting

The price for these extras is the same as the price without Life Line.

With Life Line, you simply save about \$100 a year on your telephone bill.

How do you get this Life Line discount? There's nothing that you need to do.

There is no fee for Life Line — now or ever.

One month from now, NYNEX will start billing you at the lower rate.

NYNEX is prohibited from using the fact that your are eligible for Life Line for any purpose other than offering and administering the Life Line discount rate. If for some reason you do not wish to receive the discounted Life Line rate, just call toll-free 1-800-622-0131, weekdays 9 to 5, within 30 days of the date of this letter, and NYNEX will not be allowed to enroll you in Life Line. More than half-a-million New Yorkers already save with Life Line discount telephone service.

Sincerely yours,

B. Robert Piller
Executive Director



















## Public Utility Law Project of New York, Inc.

## **Public Interest Lawyers For Low-Income Utility Consumers**

39 Columbia Street

Albany, New York 12207-2717

Mayo 18, 1995

Felicidades. Usted tiene derecho a "Línea Económica" la tarifa más baja por "servicio de teléfono básico" de NYNEX. Esta carta le explica cómo va a recibirlo y cómo va a ahorrar.

## Es el mismo servicio de teléfono básico que ya tiene. Simplemente le ahorra dinero. Línea Económica le ahorra por lo menos \$8.10 cada mes en su factura telefónica.

- Reciba un número ilimitado de llamadas.
  Conecte con una compañía telefónica de larga distancia.
- Efectúe llamadas gratis a los números sin cargo con prefijo 800, a los números de servicios de emergencia y a la oficina telefónica de servicios al cliente.

## ¿Qué es adicional?

- o Llamadas de larga distancia.
- o Efectuar llamadas si tiene un servicio de cargo por llamada.
- o Servicios opcionales, tales como servicio de Llamada en Espera.

El precio por estos servicios adicionales es el mismo que el precio sin Línea Económica. Con Línea Económica usted ahorra cerca de \$100 al año en su factura telefónica.

## ¿Cómo obtiene este descuento de Línea Económica? Usted no necesita hacer nada.

No se le carga ninguna tarifa por Línea Económica, ni ahora ni nunca. De aquí en un mes, NYNEX le empezará a facturar con la tarifa más baja.

A NYNEX se le prohíbe que se base en el hecho de que usted tiene derecho a la Línea Económica para cualquier otro propósito que no sea el de ofrecer y administrar la tarifa de descuento Línea Económica. Si por alguna razón no deseara recibir la tarifa de descuento Línea Económica, llame al número sin cargo 1 800-622-0131, los días hábiles de 9 a 5 dentro de un período de 30 días a partir de la fecha de esta carta y a NYNEX no se le permitirá registrarle como usuario de la Línea Económica. Más de medio millón de residentes neoyorquinos ya están ahorrando con el servicio telefónico de descuento Línea Económica.

Atentamente.

B. Robert Piller Director Ejecutivo



## Public Utility Law Project of New York, Inc. Public Interest Lawyers For Low-Income Utility Consumers

39 Columbia Street

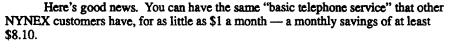
Albany, New York 12207-2717



James Customer 123 Pine Rd Apt 3B New York NY 10038 November 22, 1995

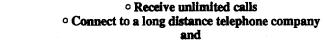


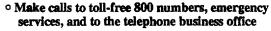
Dear James Customer:





"Life Line" is a special low rate for recipients of government assistance. "Life Line" service simply saves you money. And if you do not have telephone service now, NYNEX will start "Life Line" service for you for just \$10.







### What's Extra?

Outgoing local calls if you have measured service
 Long distance calls
 Optional services, such as call-waiting



The price for these extras is the same as the price without Life Line.

Just complete and sign the enclosed card and mail it to NYNEX in the postage-paid envelope. NYNEX will do the rest. "Life Line" saves you about \$100 each year for your telephone service.

If you have any questions, please call NYNEX at its toll free "Life Line" number, 1-800-622-0131. Call on weekdays between 9 a.m. and 5 p.m.



Sincerely yours.

B. Robert Piller

B. Robert Piller

Executive Director



P.S. If you have a past due balance with NYNEX now, or if you were disconnected for nonpayment, you can still get Life Line service. Call NYNEX for details. NYNEX is prohibited from using your Life Line eligibility for any other purpose than offering the Life Line discount program



### COMPLETE AND MAIL TO SAVE \$\$\$ WITH LIFE LINE

#### NANEX

Customer Response Center...

435 West 50th Street, 10th Floor, New York, NY 10019

If you have NYNEX service now, simply list your phone number here.

If you do not have NYNEX service now, simply list a number where we can call you, or leave a message for you to call us.

We will contact you soon.

### James Clistomer 123 Pink Rd Apt 3B New York NY 10038

When residual this form, it will go the only to NYNEX.

NYNEX such record and keep that taken selfers to bill you at the low take later atc.

#### PLEASE READ AND SIGN:



## Before the FEDERAL COMMUNICATIONS COMMISSION Washington, D.C. 20554

In the Matter of	)	FCC No. 96-93
Federal-State Joint Board on	)	CC Docket No. 96-45
Universal Services	)	
	)	

# COMMENTS OF THE PUBLIC UTILITY LAW PROJECT OF NEW YORK, INC. ON PROPOSED RULEMAKING ON UNIVERSAL SERVICE POLICIES

ATTACHMENT D



## Public Utility Law Project of New York, Inc.

PIETER SCHUYLER FINANCIAL CENTER

39 COLUMBIA STREET TELEPHONE (518) 449-3375 ALBANY, NY 12207-2717 FAX (518) 449-1769

## A LIFELINE ENROLLMENT AND REVALIDATION MODEL FOR A COMPETITIVE LOCAL EXCHANGE INDUSTRY IN NEW YORK STATE

#### Designed to Efficiently:

- Satisfy Public Service Commission Lifeline Program Responsibilities
- Establish a Secure Common Data Base
- Offer Lifeline to All Categorically Eligible Households
- Provide Privacy Protections Required by Law
- Simplify Lifeline Outreach and Revalidation Procedures
- Eliminate the Need for Lifeline Quotas or Numerical Goals
- 1. All Providers Would Adopt the Lifeline Income and Categorical Eligibility Criteria Previously Approved by the Public Service Commission.

To qualify for Lifeline service today, a customer, regardless of local exchange provider, must 1) have income below 150% of the official poverty level as set by the federal government or below 60% of the state's median income for the customer's family size, or 2) be a recipient of at least one of the following types of income-tested government assistance: Aid to Families With Dependent Children (AFDC or ADC), Home Relief (HR), Medical Assistance (Medicaid), Food Stamps, Supplemental Security Income (SSI), Home Energy Assistance Program (HEAP), Veterans Disability Pension

See New York PSC Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of New York Telephone Company for Telephone Service, Order Modifying Lifeline Program, Case 90-C-0191, issued and effective July 27, 1992: "[W]e want to insure the continuation of affordable, universal service to all customers." Id. at 2. Accord N.Y.S. Department of Public Service (DPS) Staff "Report on New York Telephone Company's Lifeline Program," dated October 28, 1991, and issued by the PSC November 20, 1991 (Staff Lifeline Report), pp. 9-10: "[T]he Commission has stated its commitment to universality of telephone service." Id. at 9.

<sup>&</sup>lt;sup>2</sup> This income test matches the eligibility criteria for assistance under the Home Energy Assistance Program (HEAP) as administered in New York State.

or Veteran's Surviving Spouse Pension.3

At least one Lifeline provider, NYNEX, has established arrangements with community based organizations that serve low-income consumers where the staff of those organizations distribute Lifeline applications, interview applicants to inquire into income eligibility, and then certify qualifying applicants as "Lifeline eligible" to NYNEX.<sup>4</sup>

Current Lifeline eligibility criteria should be continued.

## 2. Each Lifeline Provider Should Offer and Promote Lifeline Service to Encourage Applications and to Extend Lifeline Benefits to Eligible Customers.

Telephone Lifeline is a safety-net program designed to promote the nation's and New York's long standing commitment to universal service, and assure that the progression to market based pricing during the emergence of local exchange competition does not leave low-income consumers unable to obtain and maintain basic local exchange telephone service. The availability of telephone Lifeline works hand-in-glove with the Commission's TEFPA rules, the billing and collection tiered bucket payment hierarchy system, and the design and effectiveness of Lifeline promotion and marketing programs to achieve a meaningful program for New York's low-income telecommunications consumers.

The overwhelming majority of low-income households eligible for Lifeline have access to an incumbent local exchange provider with a Lifeline enrollment program. All providers of Lifeline service should be obliged to participate in similar enrollment programs. Clearly, it would be wrong to compromise New York's commitment to an effective Lifeline program due to the emergence of competition. In PULP's judgment, the existence of an excellent Lifeline program has been an important factor that has comforted decision makers that the movement towards market-based competition can be achieved without unacceptable social consequences. The obligation to effectively promote Lifeline in a competitive market can and should be accomplished in a manner that is administratively efficient and that minimizes the need for regulatory intervention.

<sup>&</sup>lt;sup>3</sup> The last two categories of eligibility apply to all incumbent local exchange providers except Citizens Telecommunications and Alltel.

<sup>&</sup>lt;sup>4</sup> No provider, to PULP's knowledge, accepts applications that require the provider to determine whether an applicant's income qualifies for its Lifeline program.

3. Competition for Lifeline Customers May Emerge and Be Advantageous to Lifeline Customers. Uniform Minimums, However, Are Needed to Assure That Lifeline Customers Receive the Benefits of the Lifeline Program, and to Allow Cost Efficient Joint Lifeline Marketing Arrangements.

Measured service customers of NYNEX and Rochester Telephone pay \$1 a month for residential access. The amount they spend on usage is subject to their own decisions. They receive the exact same service that other residential customers receive; they just pay less for access. Generally, other New York providers do not offer measured rate service, and offering such service would entail considerable expense. Consequently, PULP proposes that all Lifeline providers offering residential message rate service, now or in the future, be required to offer Lifeline access for no more than \$1 a month and usage for no more than the rate charged to other similarly situated residential customers.<sup>5</sup>

Flat Rate Lifeline customers of NYNEX pay \$2 a month for the residential access costs implied in their monthly flat rate. Those customers pay for unlimited usage even though a more informed economic decision would cause many of them to select measured rate service. The customers of most other New York providers must pay for unlimited local usage even when they make few local calls, and even though they would choose measured service if they had a choice. Consequently, PULP proposes that all providers of Flat Rate service be required to offer a Lifeline rate that minimally equates to the \$4.60\(^6\) discount extended by NYNEX to its Flat Rate Lifeline customers. Since NYNEX's \$4.60 discount is about 30\% of its flat rates on average, this can be accomplished by applying a 30\% discount to each Lifeline provider's non-Lifeline Flat Rate offerings\(^7\) to arrive at Lifeline Flat Rate offerings, provided that the resulting Lifeline rates are not greater than the incumbent's Lifeline Flat Rates offering.

Connection and reconnection charges for NYNEX and Rochester Telephone Lifeline customers are \$10, and can be paid in twelve equal monthly payments. Also, Lifeline customers are not subject to security deposits, and have no charges assessed for beginning or ending Lifeline service. In the past, standard connection/reconnection charges and security deposit requirements posed significant barriers to obtaining and maintaining telephone service for low-income consumers. The customers of other New

<sup>&</sup>lt;sup>5</sup> A Lifeline customer would never be precluded from selecting an available rate plan because of his or her Lifeline status. The Lifeline benefit would be superimposed on any such plan.

<sup>&</sup>lt;sup>6</sup> Lifeline customers also receive a waiver of the \$3.50 monthly Subscriber Line Charge.

<sup>&</sup>lt;sup>7</sup> Exclusive of the waiver of the Subscriber Line Charge.

York providers pay differing amounts for connection/reconnection; some pay less than \$10 while some pay more. Consequently, PULP proposes that all Lifeline providers be required to provide Lifeline connection/reconnection for no more than a \$10 charge, (provided that such charges shall in no event be greater than the provider's corresponding standard residential charges), that they allow no security deposits on Lifeline accounts, and that they be prohibited from charging fees for changes to or from Lifeline rates.

Nothing would prohibit local exchange service providers from promoting, improving and increasing Lifeline benefits to attain higher penetration of the Lifeline market segment. Competition for Lifeline customers may emerge, and nothing in this model would prohibit providers from conducting additional Lifeline outreach.

## 4. A Common Data Base is Essential to Efficiently Enroll and Revalidate Lifeline Eligible Consumers.

Unless a local exchange provider undertakes the function of independently evaluating whether each Lifeline applicant has household income that satisfies Lifeline eligibility criteria, some proxy must be used. To PULP's knowledge no local exchange provider has expressed any interest in undertaking such a labor and cost intensive function, and no one has suggested that such an activity by a telephone provider would be desirable, cost-effective or appropriate. The second-best approach then, is to aggressively pursue "categorical eligibility" as an alternative. Categorical eligibility signifies that a person is eligible for a program, here for enrollment in Lifeline, because that person has been found eligible for a different income-tested program by a governmental body that investigated and determined income eligibility for that linked program.

A significant limitation of using categorical eligibility is that almost half of the households eligible for Lifeline who would also be income eligible for one or more of the categorical programs have not enrolled in any of those programs. The advantages of using categorical eligibility are the absence of the need for independent income testing, the ability to interface with data bases maintained by government agencies to enroll eligible customers, the ability to conduct efficient and targeted outreach to qualifying households who are not customers and to periodically revalidate eligibility with minimal cost and process. In PULP's opinion, the advantages substantially outweigh the disadvantages. Categorical eligibility allows use of a particularly effective data base tool to identify those low-income consumers who have taken steps to qualify for some form of assistance based upon the limitations of their household's income. Together with community based organization certification procedures, like those currently used by NYNEX, a categorical eligibility system can achieve high Lifeline enrollment percentages of the targeted consumer population.

Concentration on a categorical eligibility driven Lifeline enrollment and revalidation program, allows for the engagement of government provided data bases that identify eligible households with a common industry data base to 1) identify customers who qualify for Lifeline, 2) allow cost effective outreach to Lifeline eligible consumers who are identified as customers of a particular provider and those who are not, and 3) provides a simple means to periodically revalidate eligibility for Lifeline discounts. Without categorical eligibility and access to government furnished information to identify eligible customers, each Lifeline provider would have to establish protocols for verifying initial eligibility, conduct broad based outreach efforts, periodically require submissions from Lifeline customers to verify their continuing Lifeline eligibility, and establish thresholds or quotas for initial and ongoing Lifeline enrollment to satisfy public policy goals with respect to Lifeline as part of universal service obligations.

Availability Of and Access to Needed Data Bases: Information about categorically eligible households who receive AFDC, HR, Food Stamps, HEAP, Medicaid or SSI are currently made available on a monthly basis to NYNEX. Information provided includes names, addresses, Social Security Numbers, fiscal district codes and case identification numbers. About 98% of the data is provided by the New York State Department of Social Services (DSS), and the remaining 2% is provided by the New York City Community Development Agency (CDA). For overriding administrative, cost, privacy and bureaucratic reasons those agencies will provide their data only to a single entity that must maintain custody and guard the provided data.

For a common data base system to work a single entity would have to gather data from all providers in order 1) to identify which provider's customers should be enrolled in its Lifeline program after use of automatic enrollment outreach procedures, 2) to identify which consumers eligible for Lifeline should receive a neutral source targeted mailing encouraging Lifeline enrollment of consumers not identified as customers of a particular provider, and 3) to advise a provider that a Lifeline customer no longer appears eligible for Lifeline rates.

Data Base Creation, Maintenance, Handling and Administration: To satisfy the needs of DSS and CDA, to address overriding privacy and confidentiality concerns, and to achieve satisfactory cost efficiencies, it is essential to utilize the services of a single strictly neutral data base administrator whose functions would include: 1) obtaining data from government agencies and providers, 2) establishing computer file standards, 3) devising and running utility-programs on data received to best achieve the

<sup>&</sup>lt;sup>8</sup> Telephone numbers are not "mandatory fields" on DSS applications. The fields when completed are not verified and often represent "contact numbers" as opposed to the applicant's own telephone number. Telephone number data is so unreliable that it is not provided by DSS as part of the list exchange with NYNEX.

objectives of an enrollment and revalidation common Lifeline data base, 4) coordinating, supervising or conducting "automatic enrollment" and "send-back enrollment" outreach mailings, 5) preparing and providing resulting outreach information to the appropriate providers, 6) maintaining privacy and confidentiality safeguards as required by federal and state laws and regulations, requirements of the Public Service Commission, contracts with government agencies, and agreements with participating providers, and 7) maintaining and reporting Lifeline enrollment and revalidation information to the Public Service Commission, participating providers, and other interested parties.

Privacy Protections of Persons Eligible for Lifeline and of Customers
Receiving Lifeline: In setting up NYNEX's Lifeline list exchange protocols, PULP, DSS,
CDA and DPS Staff were very attentive to the privacy policy and legal issues involved in
an automatic enrollment list exchange initiative. PULP took on the roll of developing
and proposing ways to lawfully utilize government-benefit lists exclusively for Lifeline
purposes while protecting the privacy rights of the beneficiaries. Ultimately an
agreement, drafted by PULP, but signed by DSS and the Company memorialized the
obligations of NYNEX regarding confidentiality and the protocols of the list exchange
process.<sup>10</sup>

In the course of working through the privacy issues PULP sought and obtained approval for the list exchange from the federal Department of Health and Human Services (HHS).<sup>11</sup> Without their approval, which took the form of a finding that a list exchange for Lifeline program purposes was a "routine use" under relevant statutes, the exchange could not include SSI recipient data. HHS approval was conditioned on blocking the entitlement program category from the data supplied, i.e., the data files could not indicate that a person receives SSI as distinguished from the other categorical

<sup>&</sup>lt;sup>9</sup> A possible candidate to administer a common Lifeline data base for Lifeline enrollment and revalidation is the New York Intrastate Access Settlement Pool, Inc. As a technical organization, the Settlement Pool appears to have access to resources that can readily be adapted to perform the needed functions. The costs associated with performing the functions should be quite modest, and could be assessed through existing Settlement Pool mechanisms.

Copies are available from PULP or DPS Staff working on this topic. In reviewing that document the reader will note that the New York City Community Development Agency is also a signatory. That agency, for reasons peculiar to New York's politics and bureaucracy, has exclusive control over about two percent of the combined list that is subject to the list exchange process.

Copies of PULP's petition to HHS, the approval letter from HHS, and a PULP memorandum discussing privacy and confidentiality requirements, are available from PULP or DPS Staff working on this topic.

eligibility programs.

DPS staff set up focus groups around the state to discuss low-income privacy concerns, the content of outreach mailings, and similar issues. One result was a broad consensus that a mailing from DSS would be perceived by clients with great distrust, and that a mailing from NYNEX would be unacceptable because of privacy concerns and a perception that the offer was a promotional gimmick. The Commission was hesitant to use its letterhead because of a concern that it might be viewed by new competitors as inappropriately pro-NYNEX. For those reasons, it was decided that the letters should go out on PULP's letterhead.<sup>12</sup>

In a multi-provider environment the data base administrator would enter into a detailed confidentiality agreement with the governmental agencies providing the data, and would establish procedures and safeguards to comply with its requirements.<sup>13</sup> Among other limitations, the data is provided exclusively for the purpose of enrolling and periodically revalidating eligibility in the Lifeline program. Any other use or exchange of the information is strictly prohibited.

- 5. Cost Efficiency, Competitive Neutrality, and the Absence of Other Lifeline Related Regulatory Obligations, Can Be Achieved by Using a Common Lifeline Data Base for Enrollment and Revalidation.
  - A) A Common Lifeline Data Base Should be Used for Outreach.

To conduct Lifeline outreach in a manner that achieves PSC goals, is operationally cost efficiently and strictly competitively-neutral, outreach should include uniform "automatic enrollment" and "send-back enrollment" elements. Under this model the existing NYNEX Lifeline outreach model would be modified and adopted for use in a competitive local exchange provider environment.

#### 1) Current NYNEX Lifeline list exchange procedures work basically as follows:

Once a month DSS and CDA send their lists of categorically eligible recipients to NYNEX's data center. The Company uses tape-to-tape computer utility-programs to edit out households outside its service territory, duplicates, those coded as "undomiciled" or "homeless," addresses that include "home" or "hospital," and those who are already on the Company's Lifeline rate. In it's initial run NYNEX randomly selected about 750,000

<sup>&</sup>lt;sup>12</sup> All letters require prior DSS and NYNEX approval.

Each local exchange service provider would enter into a counterpart privacy and confidentiality agreements with respect to the data.